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Security Council Committee established pursuant to resolution 1718 (2006)

Note verbale dated 1 March 2019 from the Permanent Mission of Panama to the United Nations addressed to the Chair of the Committee

The Permanent Mission of the Republic of Panama to the United Nations presents its compliments to the Chair of the Security Council Committee established pursuant to resolution 1718 (2006) and has the honour to provide information on the measures taken by Panama to implement Council resolution 2375 (2017).

At the request of the Government of Panama, the Permanent Mission has the honour to transmit to the Panel of Experts the national implementation report, which was prepared by the Ministry of Foreign Affairs (see annex).

Please recycle

Annex to the note verbale dated 1 March 2019 from the Permanent Mission of Panama to the United Nations addressed to the Chair of the Committee

Report of Panama on the implementation of Security Council resolution 2375 (2017)

In accordance with the mandates set out in Security Council resolution 2375 (2017), the Republic of Panama has the honour to submit, via the Security Council Committee established pursuant to resolution 1718 (2006), its report on the implementation of the measures adopted by the Council with regard to the Democratic People's Republic of Korea.

Asset-freezing measures

In accordance with the Security Council mandates and pursuant to Act No. 23 of 27 April 2015 and Executive Decree No. 587 of 4 August 2015 regarding preventive freezing, Panama, through its Ministry of Foreign Affairs and Financial Analysis Unit, enacted preventive administrative freezing measures for individuals listed in annex I to Council resolution 2375 (2017). This included using the Financial Analysis Unit's digital platform to send financial and non-financial reporting entities the sanctions list so that they could consult their databases and determine whether any of their clients were subject to restrictive measures imposed by Security Council resolutions and, if so, report back through the same channels. The implementation of these measures was duly disclosed through the official channels of the institutions responsible and of the supervisors of the reporting entities.

Significantly, as part of the freeze implemented as a result of the updating of the sanctions list (SCA/4/18 (04) dated 30 March 2018), one reporting entity reported a match through the technological platform, indicating that its database contained the name of a legal entity on that list, as well as two vessels on the Panamanian merchant registry. Since the individuals and companies were not domiciled in Panama and had no assets in the country, the State in which they were domiciled was informed of the finding through the Egmont Group. Information in this regard was brought to the attention of the Panel of Experts and the Committee through a diplomatic note.

Financial measures

The supervisory institutions overseeing financial and non-financial reporting entities and responsible for regulating the banking, securities, insurance and reinsurance sectors, and the activities of professionals such as lawyers, accountants and real estate agents, continue to carry out regular on- and off-site inspections and visits to the financial and non-financial reporting entities to ascertain their internal "know your customer" policies and the measures they have taken to combat money-laundering, terrorism financing and the financing of proliferation of weapons of mass destruction in fulfilment of United Nations mandates, including timely reporting to the Financial Analysis Unit of matches found/suspicious transactions/cash transactions. All of the above action is taken in accordance with the standards and recommendations of the Financial Action Task Force.

The supervisory institutions for the various sectors have continued to organize, for reporting entities and for professionals subject to supervision, training and awareness-raising activities on the implementation of measures aimed at minimizing the possibility that those subject to sanctions, or persons acting on their behalf, will use the national financial system for their activities.

Measures related to insurance and reinsurance

Pursuant to Act No. 23 of 27 April 2015 and Agreement No. 3 of 27 July 2015, the Superintendency of Insurance and Reinsurance, the sector's supervisory body, issued circulars and directives relating to Security Council resolutions.

Three circulars were issued, 025-2017, 037-2017 and 044-2017, in which the Superintendency informed the sector of the measures taken by the Security Council in resolutions 1718 (2016), 2321 (2016), 2371 (2017) and 2375 (2017).

These circulars are published on the Superintendency's website (www.superseguros.gob.pa), together with the instructions issued by the Financial Analysis Unit.

In accordance with circulars 025-2017, 037-2017 and 044-2017, each insurance company submitted a note confirming that it is not providing insurance or reinsurance to representatives of the Democratic People's Republic of Korea, or to individuals working for them or acting on their behalf, or to vessels owned or controlled by the Democratic People's Republic of Korea.

On 10 May 2017, circular 028-2017 was issued, informing the insurance sector of its obligation to report to the Financial Analysis Unit on any updates to the Security Council sanctions list.[1]

By a resolution of September 2018, the Non-Financial Entities Supervision and Regulation Agency established simplified due diligence arrangements for non-financial reporting entities (lawyers, accountants and notaries public) for legal persons – whether shipping companies, shipowners or registration agents – which are duly recognized as users of the maritime services that Panama offers or which have their headquarters in Organization for Economic Cooperation and Development member countries.

All the measures reported in the previous report are in force and are being implemented.

Preventive security measures

In accordance with the mandates set out in Security Council resolution 2375 (2017), the National Security Council updated its consolidated list of individuals and entities and disseminated it to airports, ports and points of entry into Panama in order to ensure that alerts are issued and listed persons are denied entry into and transit through the country. Port facilities have also been notified of the prohibitions contained in that resolution against the use of such facilities by listed individuals and entities; those prohibitions include shipment of goods to or from the Democratic People's Republic of Korea.

There is ongoing inter-agency coordination within the security sector in order to exchange intelligence information for the purpose of adopting any preventive and mitigating measures necessary to protect the country from activities linked to individuals or entities subject to sanctions or to individuals or entities that may be acting on their behalf or that may be seeking to use Panamanian territory as a base to provide some form of support to evade sanctions applying to the Democratic People's Republic of Korea.

Notification was provided of the port entry ban, and the ban on loading, transportation or unloading, applying to the vessels listed by the Security Council in

[1] Refers to all updates to the Security Council's sanctions list, whether these are terrorism-related or country-specific sanctions.

order to warn the relevant civil authorities and private companies of the action to be taken should any such vessel enter waters under Panama's jurisdiction.

Immigration measures

In accordance with Security Council resolution 2375 (2017), the National Immigration Service has implemented specific measures aimed at preventing the entry into and transit through the country of the persons listed in annex I to that resolution, who are subject to a travel ban. These measures include:

Action taken

Addition to the database of an immigration alert to prevent entry

In accordance with article 50 (Grounds for non-admission), paragraph 5 of Decree-Law No. 3 of 22 February 2008, which provides for the denial of entry into or transit through the country to travellers who constitute a risk or threat to national security or the international community, an alert to prevent the entry of the 16 individuals listed in annex I to Security Council resolution 2375 (2017) was incorporated into the integrated immigration system at all immigration control points to ensure that, in the event that these individuals attempt to enter the country or are identified as transit passengers, the following steps are taken:

(i) Deny entry

When an individual is identified through the immigration alert, he or she will not be allowed to enter the country.

Results: To date, no travellers subject to sanctions have been detected entering or transiting through the country.

(ii) Security check

Applications for authorized visas, a category for which Democratic People's Republic of Korea citizens who are natives or passport holders are eligible, require prior authorization from the executive. These are duly verified and submitted to the executive secretariat of the National Security Council for approval or rejection; this helps with the identification of staff of the Government of the Democratic People's Republic of Korea. Applications are rejected if a positive identification is made.

Results: There are no reports of persons subject to sanctions making entry visa applications for Panama.

(iii) Check with a view to terminating processing

Checks on the statistics relating to processing of applications were conducted to detect any citizens subject to sanctions. No record was found of legalization through any channel.

Results: No record has been found of immigration applications from persons subject to sanctions pursuant to resolution 2375 (2017) seeking to regularize their presence in Panama.

(iv) Instructions to all immigration control posts

A circular was sent to all immigration control posts with specific instructions as to the procedure to be followed in the event of detection of persons flagged as being subject to sanctions pursuant to resolution 2375 (2017).

Results: There have been no reports of action taken against individuals subject to sanctions.

Measures related to employment

No work permits have been issued to North Korean citizens.

Customs-related measures

Panama continues to apply the customs controls previously reported, with updates as appropriate to accommodate the provisions of resolution 2375 (2017). Institutional communication protocols have been established to ensure that information relating to the implementation of resolutions permeates all levels of customs control, seeking to avoid potential administrative omissions that might result in a failure to monitor compliance with international mandates in an appropriate way. New national customs system rules relating to the red channel have been introduced. They apply to natural and legal persons listed by the Security Council and carrying an identification number.

Using the foreign trade "one stop shop" of the Ministry of Trade and Industry, administrative action has been taken to restrict all exports to the Democratic People's Republic of Korea.

Measures related to maritime services

Internal procedures have been adopted in the maritime sector to ensure general implementation of current and future Security Council resolutions, with the aim of giving effect to the mandates involving that sector. Accordingly:

- Once a new resolution has been adopted by the Security Council, instructions are issued through the relevant administrative units to check what measures are needed in the sector. The required action is then taken if it is found that any vessel or any owner belonging to the Panamanian merchant registry is involved.
- In response to the resolution and/or information from the Panel of Experts and/or information provided by third States that certain vessels in the registry were involved in actions that could be in violation of Security Council resolutions, the process of de-registering the following nine vessels that were subsequently excluded from the Panamanian merchant registry was initiated: Orient Shenyu (IMO: 8671611), Koti (IMO: 9417115), Koya (IMO: 9396878), An Quan Zhou 66 (IMO: 8742240), Surplus Ocean 1 (IMO: 9073165), Glory Hope 6 (IMO: 8684527), Hai Shun 158 (IMO: 9011911), Billions 88 (IMO: 9106340) and Great Spring (IMO: 9560326).
- In addition, new measures, such as the revision of the PurpleTRAC system, were implemented for all vessels applying for registration in the Panamanian merchant registry and for vessels for which a technical certificate must be issued. This system indicates when a vessel is subject to some form of restriction imposed by the Security Council or to action taken by a third State, so that such information can be taken into account when accepting or rejecting the application for registration and/or issuance of certificates.
- The assistance of the Panel of Experts and a third State was sought to establish one or more areas of concentration identified as the location of the greatest number of illegal operations and/or greatest reported risk associated with the resolution, in order to be able to track the vessels involved using the long-range identification and tracking system carried by the vessels that are part of the merchant registry, a system managed by a private company under contract to

provide this service. The request also included a request for financial assistance to implement these measures.

- A circular was sent to recognized organizations, private merchant marine consulates and users of the national merchant registry containing the list of ships with their owners and/or operators that have been removed from the merchant registry because of their links with the Democratic People's Republic of Korea. In addition, international counterpart entities with a memorandum of understanding were informed of the de-registration so that they in turn could take account of the action taken by Panama if they received re-flagging requests for those vessels.
- Information on the ship's operator was included as part of the de-registration process so that civil servants, lawyers and resident agents could be made aware directly of it by means of internal communications in the form of resolutions, memorandums and documents, and thus trigger the appropriate alerts if other vessels subject to sanctions or connected with activities in violation of international mandates were in the charge of the same operator.

Inter-agency capacity-building

The relevant Panamanian institutions have continued the process of training their staff on issues including those connected with implementing Security Council measures, proliferation and financing of weapons of mass destruction, implementation of financial sanctions and dual-use goods. At the same time, Panamanian institutions have taken part in bilateral and multilateral coordination meetings concerning maritime efforts by third States aimed at preventing action by individuals and entities that contribute in any way to violations of Security Council resolutions relating to the Democratic People's Republic of Korea.

Efforts have also continued to implement Executive Decree No. 81 of 25 May 2017, which established control measures for the secure trade and transportation of dual-use materials for purposes of national and international security, and Executive Decree No. 129 of 5 April 2017, which established a national inter-agency plan for preventing and responding to threats and incidents involving chemical, biological, radioactive, nuclear and explosive weapons and their means of delivery, under the leadership of the National Security Council, among other provisions. Both decrees have been adopted and their implementation phase has continued, in order to provide the necessary legal tools to give effect to Government policies against the proliferation and financing of weapons of mass destruction.

International cooperation measures

Intelligence entities are working with their counterparts in other countries to increase information exchange, including through international alerts and intelligence cooperation, in order to determine whether the individuals on the lists established and maintained by the Committee or on national lists are conducting, in Panama, either directly or through an intermediary individual or entity, any of the activities prohibited by the Security Council. Efforts are also focused on the exchange of information relating to new reported cases. They also continue to participate in the Global Container Control Programme, as a preventive measure and in cooperation with the international community.

Meanwhile, Panama, through the Ministry of Foreign Affairs, continues to work with the Panel of Experts and with partner countries to provide any information necessary to combat the possible involvement of individuals or entities, or vessels registered in Panama. Reports have been submitted in response to requests, including S/AC.49/2018/PE/OC.17 of 21 February 2018, S/AC.49/2018/PE/OC.213 of

19 June 2018, S/AC.49/2018/PE/OC.118 of 31 May 2018 and S/AC.49/2018/PE/OC.120 of 31 May 2018. Likewise, work continues with the Panel of Experts to provide necessary information connected with Panama's registries, as well as on the controls implemented at the State and private levels, preventive measures promoted and implemented, and results and findings in specific cases, within the bounds of the law.